

1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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BOARD MEETING

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6

Thursday, October 17, 2024

7

3:30 p.m.

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Teachers' Retirement System of New York City

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55 Water Street, 16th Floor

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New York, New York 10041

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William Montague

Digital Reporter

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Notary Commission No. 01MO0009174

1 (The proceedings commenced at 3:30 p.m.)

2 MS. REILLY: Good afternoon. Welcome to the
3 Board Meeting of the Teachers' Retirement Board for
4 October 17th, 2024. I'll begin by calling the roll.

5 Bryan Berge?

6 MR. BERGE: Bryan Berge representing Mayor
7 Eric Adams, present.

8 MS. REILLY: Thomas Brown?

9 CHAIRMAN BROWN: Good afternoon, Patricia.
10 Present.

11 MS. REILLY: Good afternoon.

12 Gregory Faulkner?

13 Alison -- John Dorsa?

14 MR. DORSA: John Dorsa for Comptroller Brad
15 Lander, present.

16 MS. REILLY: Victoria Lee?

17 MS. LEE: Good afternoon. Present.

18 MS. REILLY: Christina McGrath?

19 MS. MCGRATH: Good afternoon. Present.

20 MS. REILLY: We have a quorum.

21 Next on the agenda is an update for TRS
22 Operations by Kavita Kanwar.

23 MS. KANWAR: Hi, good afternoon.

24 The Annual Benefit Statements for 2024 are now
25 available for almost 128,000 members who are in active

1 service or on leave. Members were notified that the --
2 this week, by email, that the statements are available
3 for online viewing.

4 Regarding summer retirements, nearly 1,400
5 members retired over the summer with a retirement date
6 in July or August. 99 percent of these members are now
7 receiving payments, including 81 percent who are
8 receiving finalized benefits as of October payroll.

9 So far this school year, over 3,600 new
10 members have been enrolled with TRS, based on data
11 received from Department of Ed, CUNY, and charter
12 schools. New members receive a welcome letter from TRS
13 when they are enrolled.

14 And finally, regarding our membership
15 expiration process, finally, TRS has contacted almost
16 about 1,400 members who have been inactive for seven
17 consecutive school years, advising them that their
18 membership has expired.

19 Thank you.

20 CHAIRMAN BROWN: Thank you, Kavita, for that.
21 So did I just hear, out of the 1,400 members who
22 retired, 81 percent will be getting final benefit
23 statements.

24 MS. KANWAR: Yes.

25 CHAIRMAN BROWN: That's fantastic. Thank you.

1 And you said 99 percent are finalized?

2 MS. KANWAR: No, 99 percent are receiving the
3 advanced payments.

4 CHAIRMAN BROWN: Are receiving advanced
5 payments.

6 MS. KANWAR: Yes. And then 81 percent have
7 received their finalized --

8 CHAIRMAN BROWN: Unbelievable. Thank you,
9 thank you. Well done. Thank you, Patricia, for that.
10 Great.

11 MS. REILLY: Next is an update from the
12 Actuary.

13 MR. TYSZKIEWICZ: Good afternoon. So my
14 discussions on the actuarial interest rate, it's -- this
15 is in statute it's equal to 7 percent, and it expires
16 this July 1st, 2025, which will impact the contribution
17 rates for fiscal years '26 and later.

18 Now, the actuarial interest rate is set in --
19 by the state legislatures with recommendations from the
20 various stakeholders. My recommendation is to keep it
21 at 7 percent and extend the expiration date for another
22 four years to 2029 and asking for the Board's support
23 for us to work with the Law Department in drafting the
24 extender bill.

25 In your Board packets is a one-page slide. I

1 don't know if you have that available. That shows --
2 shows you my kind of thoughts on the topic. The upper
3 left -- yeah, you should have a one-page slide someplace
4 in the Board material.

5 But the upper left-hand corner of that shows
6 the TRS historical rates over a 10, 20, 30, 40-year
7 periods, and those rates historically have been from 7
8 percent to 9.1 percent, but you know, it's -- the chart
9 is a little misleading because the older rates are gross
10 returns and the current rates, as footnoted in there,
11 are net returns. So there's going to -- you see a
12 slight downward trend over the years as the gross rates
13 are replaced with the net rate -- rates.

14 But you know, as investment folks will say,
15 past performance is not indicative of future
16 performance. So on the lower left of the slide shows
17 what your investment consultants expect the return to be
18 for the next 30 years. And this is something we get
19 from your investment consultants when we do the GASB
20 reporting every year.

21 And in that slide, in the lower left, you can
22 see the five systems. So the investment consultants
23 from all five systems, with TRS with the little yellow
24 box around it. So the most current estimates from your
25 investment consultants for the next 30 years is a 7.83

1 percent return.

2 Upper right-hand slide -- corner of the slide
3 shows what other public sector plans across the country
4 are using. There's 131 plans in the survey from NASRA,
5 National Association of State Retirement Administrators,
6 and it included NYCERS and TRS. It did not include
7 Police, Fire, and BERS in that survey, but you see a
8 little yellow line in that slide showing where NYCERS
9 and TRS are, and you're right at the median of what all
10 public plans are doing, at the 7 percent.

11 And then finally, the lower right-hand corner
12 of the slide shows a quote from the most recent
13 actuarial audit -- auditor hired by the Comptroller,
14 which says the current economic assumptions are -- are
15 reasonable.

16 So my recommendation is to keep it at 7, since
17 the past performance, future expectations, and kind of
18 the median across the country is 7 percent, extend it
19 four years so it lines up with the next actuarial audit.
20 The Comptroller is hiring a new auditor for the next
21 four-year cycle. When they're done, we can look at this
22 again.

23 The last thing I'll note is the statute that
24 extends the AIR also sets three other interest rates for
25 certain member contributions in Tier 1 and Tier 2.

1 Those, historically, have not changed and we're not
2 recommending any changes to those.

3 So with -- with that, I'm happy to answer
4 questions. If not, we'd ask the Board to support the
5 process through a resolution.

6 CHAIRMAN BROWN: Thank you, Marek.

7 Any questions for Marek? 7 percent. Thank
8 you.

9 MS. REILLY: Thank you.

10 Next on the agenda is the Executive Director's
11 Report, and the first item on that is the matter of the
12 next meeting, which is going to be held on Thursday,
13 November 21st, 2024.

14 Next on the Executive Director's Report is a
15 resolution in support of legislation to continue certain
16 interest rates.

17 MS. MCGRATH: Please move to the resolve.

18 MS. REILLY: Resolve that the Board request
19 that the corporation counsel develop, with the review
20 and assistance of the Actuary, and that the New York
21 State legislature and governor enact legislation
22 providing for a four-year extension of the current AIR
23 and the rates of special interest, additional interests,
24 and supplementary interest.

25 CHAIRMAN BROWN: Thank you. Do I hear a

1 motion to accept this resolution?

2 MS. LEE: So moved.

3 CHAIRMAN BROWN: Great. And is there a
4 second?

5 MS. MCGRATH: Second.

6 CHAIRMAN BROWN: So we're voting on the
7 resolution to support -- the support of legislation to
8 continue the certain interest rates.

9 And all those in favor, say aye?

10 (Ayes were heard.)

11 CHAIRMAN BROWN: All those opposed, say nay?
12 And abstentions?

13 So let the record show that this resolution
14 has passed. Thank you.

15 MR. BERGE: Mr. Chair, may I make a brief
16 comment?

17 CHAIRMAN BROWN: Sure.

18 MR. BERGE: I would just like to thank the
19 work of the Actuary and say I appreciate the
20 thoughtfulness that went into breaking the pattern of
21 having shorter term period extensions, which it felt
22 like was beginning to create needless blockages and
23 deadlines that we needed to respond to seemingly all the
24 time.

25 So I also appreciate that the macro

1 environment supports that, but I can't thank them. I
2 can only thank you.

3 CHAIRMAN BROWN: Thank you. Any more
4 questions? Great. Thank you.

5 MS. REILLY: Thank you.

6 Next -- next is the matter of the calendar,
7 and the first item is the approval of the minutes for
8 September 5th, 2024 Investment Meeting minutes, and the
9 September 19th, 2024 Board Meeting minutes.

10 MR. DORSA: Will you take one motion for both?

11 MS. REILLY: I do.

12 MR. DORSA: Okay. I'll make a motion then.

13 CHAIRMAN BROWN: Okay. So we're ready to vote
14 for the September 5th, 2024 Investment Meeting minutes
15 and the September 19th, 2024 Board Meeting --

16 MS. MCGRATH: Second.

17 MS. LEE: Do we need to move your motion? So
18 moved.

19 MS. MCGRATH: I second.

20 MR. DORSA: I made the motion. Did somebody
21 second?

22 MS. MCGRATH: I seconded.

23 CHAIRMAN BROWN: Yeah, it was seconded, yes.

24 MS. REILLY: Well, the Chair hadn't called --

25 MR. DORSA: Oh, I'm sorry.

1 CHAIRMAN BROWN: And is there a motion to
2 accept the minutes?

3 MR. DORSA: So moved.

4 CHAIRMAN BROWN: Thank you. And is there a
5 second?

6 MS. MCGRATH: Second.

7 CHAIRMAN BROWN: Thank you. Any discussion?
8 All those in favor of accepting these minutes, please
9 say aye?

10 (Ayes were heard.)

11 CHAIRMAN BROWN: All those opposed, say nay?
12 Any abstentions?

13 And let -- let the record show that the
14 minutes have been approved. Thank you.

15 MS. REILLY: Next -- thank you.

16 Next is the calendar items. You all received
17 an electronic version of the calendar and have had an
18 opportunity to review it.

19 MS. MCGRATH: Please waive the reading of the
20 calendar.

21 CHAIRMAN BROWN: Thank you. So we're -- do I
22 have a motion to accept the calendar items?

23 MS. LEE: So moved.

24 CHAIRMAN BROWN: And is there a second?

25 MS. MCGRATH: Second.

1 CHAIRMAN BROWN: Moved and seconded. All --
2 any discussion? All those in favor of accepting the
3 calendar items, please say aye.

4 (Ayes were heard.)

5 CHAIRMAN BROWN: Those opposed, say nay? Any
6 abstentions?

7 And again, let the record show that the
8 calendar items have been approved.

9 MS. REILLY: So we have nothing under Other
10 Business, so the next item on the agenda is Questions or
11 Comments from the Public.

12 CHAIRMAN BROWN: Hi.

13 MS. REILLY: Hi.

14 CHAIRMAN BROWN: Just state your name for the
15 recorder.

16 MR. MENZI: Richard Menzi, M-E-N-Z-I.

17 I am a close friend of the late Supervisor
18 Sandy Michael, his family. He, in fact, he gave me his
19 time.

20 I am here to address what I characterized as
21 the sudden death surviving spouse penalty that is the
22 result of your current procedures. Sandy Michael put in
23 his 30 years, went through the pension consultation, and
24 was waiting until the end of the semester to finally
25 come off active, and at 58, he had a massive heart

1 attack in the middle of the night and cut all that
2 short.

3 To make -- to make matters worse, the death
4 and dismemberment policy meant cover the incident of --
5 the possibility of sudden death before you could claim
6 your pension doesn't cover natural causes. So he's --
7 that also does not benefit his family.

8 As things stand, his family is not able to
9 pursue his pension, but it's not because his retirement
10 was scheduled for a couple months later. It's because
11 the manner of his death didn't give him three minutes of
12 grace to log in the website and click a button, and
13 because his family didn't posthumously commit fraud by
14 doing that on his behalf.

15 The current procedure produces an arbitrary,
16 absurd, and fool result. Most likely, that's too rare
17 an occurrence to prioritize in negotiations or designing
18 your procedures.

19 I hear that, 10 years ago, your case managers
20 could mitigate this and find a result, but something has
21 changed. Maybe it was an intentional updated system,
22 the employee interface, I don't know. It's probably not
23 designed for something as rare as a death with zero
24 warning, and it really doesn't matter why it is.

25 If it is within this board's power to

1 designate Sandy Michael as retired, I urge you to do so.
2 The three teacher members, plus the directly elected
3 politician -- the three teacher members, I would hope
4 could be persuaded that, if your families were in a
5 similar position, that they should be given the same
6 grace and consideration.

7 The Comptroller might know how rare it is for
8 someone in his office be able to help his constituents
9 on an individual level, how much loyalty his grassroots
10 support it might burn to facilitate solving this.

11 Together, you four can carry a vote, if it's
12 within the Board's voting power, and the rest of you are
13 invited to join as well in doing the right thing.

14 If it's not within your power because this new
15 rigidity is because of some agreement, then we'll find
16 who made the agreement and get them to agree to a
17 waiver. They have the power to set up the system, they
18 have the power to create a waiver.

19 If it's a court of law, we'll get a new law.
20 We just need to know what process we need to do, if it's
21 not within your control. If the general law is too
22 daunting, just do -- we'll make a private law, just this
23 one case.

24 We're already working with members of the
25 assembly, they're aware of this, and reaching out to

1 some of you, probably. But however we fix this -- and
2 one thing is very clear, three minutes' warning and an
3 internet connection should not be the difference between
4 a grieving family who is a member of this union and paid
5 into this fund for 30 years, being able to live
6 comfortably and losing their home.

7 So I would love to hear your insights on if
8 this is something you can do to designate a man as
9 retired. And if not, who can?

10 MS. REILLY: So unfortunately, we really can't
11 speak about a member specific case in Public Session.
12 So I would suggest that the beneficiaries of the member
13 get in contact with TRS.

14 MR. MENZI: They've done that.

15 MS. REILLY: Okay. Well, I'm the executive
16 director, so they can write me a letter, and then we'll
17 take a look at the circumstances, and then get back to
18 that, okay? But a picture bill (phonetic) is also
19 another avenue that you can consider, and it sounds like
20 you're already doing that.

21 MR. MENZI: If that's what's required, then
22 that's what we'll do.

23 MS. REILLY: Okay. Well, have them write to
24 me and I'll take a look at the circumstances and get
25 back with them.

1 CHAIRMAN BROWN: Thank you for coming up. And
2 our condolences.

3 MS. REILLY: Yes, I'm very sorry.

4 CHAIRMAN BROWN: Condolences. Sorry. Thank
5 you.

6 MS. PLASSE: I just want to pause and just
7 really --

8 MS. ENNAB: Yes, sorry.

9 MS. PLASSE: -- for all the pain that that
10 family must be growing and the grieving family must be
11 going through.

12 We're actually here today to continue to talk
13 about thousands upon thousands of grieving families in
14 Gaza and in Palestine and in the West Bank.

15 MS. ENNAB: So we're back. We were here last
16 month, but this time around we have about 200 people
17 downstairs rallying and making sure that our demand to
18 get on the agenda to allow a resolution for divestment
19 of our TRS system from Israeli securities.

20 I'm going to introduce myself again. I'm
21 Nadia Ennab. I am a UFT member, I am a TRS member, I'm
22 a mother, I'm a wife, I'm a sister, I'm a cousin, I am a
23 granddaughter, I am everything you can think of, I am an
24 American, but most importantly, right now, I am
25 Palestinian. For those of you who have never met one,

1 congratulations, you have just met one today, okay?

2 We're here because we have been stonewalled.
3 We gave you guys information last month and we asked for
4 a reply and we did not, as of last night, have not
5 received a reply yet. We haven't checked our email this
6 morning. So as of last night, we have not received
7 anything.

8 This is our organization's fifth visit to you
9 guys up here at the board, and hopefully this is the one
10 where it moves the needle. And now that you have met a
11 Palestinian, you see we're human.

12 So my question to you today is, what is your
13 number? What's your number? What's your number? What
14 is your number? What is your number? What is your
15 number? And if you're wondering what number I'm talking
16 about, the number is how many dead Palestinians will it
17 take for you to allow for a resolution on an agenda for
18 us to divest our pensions from Israeli securities.

19 Next, morally and ethically for me, there
20 should be no number, and I think for the general
21 population of humans, there is no number of the dead
22 people for us to do anything in any way, shape or form.
23 So I pose other questions to you guys.

24 What is your ethical responsibility as a board
25 when investing in companies that fund genocide? Where

1 do you as a board draw the line? Because clearly,
2 Israel has no lines or boundaries. Do you have a line?
3 Do you have a boundary? And what is it?

4 I'm going to leave you with this; yesterday,
5 Francesca Albanese, the UN Special Rapporteur,
6 international lawyer, announced that her next report
7 will investigate the involvement of private entities,
8 including pension funds, in the commission of
9 international crimes in the occupied Palestinian
10 territory. Please make sure you do not make that list.
11 Put us on the agenda so that you divest and blood is
12 washed from your hands.

13 MS. PLASSE: And speaking of numbers, since
14 that's what we're here to do today, just some background
15 on why we're here and why this feels so urgent right
16 now.

17 Today, in my role as a social worker, I worked
18 with a young woman who is 16 years old who had gotten
19 thrown out of her house for being pregnant, went to her
20 boyfriend's house and was then beaten by her boyfriend
21 and is now homeless. That's my job.

22 My job is also to help the young person who
23 doesn't have food at home.

24 My job today, I also mediated a situation
25 between young people over beef in the street that had

1 nothing really to do with them.

2 Our job every single day is to stand up for
3 children and work with them. So the fact that our money
4 is going to killing children is abominable, abominable,
5 abominable.

6 And to that point of numbers, the occupied
7 Palestinian territory is now the number one deadliest
8 place for children in the world. 41,870 people,
9 including 16,891 children, have been killed in Gaza.
10 More, over 97,000 -- 97,000 injured, 10,000 human beings
11 missing. More than half of Gaza's homes, 80 percent of
12 its commercial facilities, 68 percent of its roads
13 destroyed. Only 17 out of the 36 hospitals are
14 partially functional. 87 percent of school buildings
15 have been destroyed in Gaza, 87 percent, where educators
16 like us are supposed to be showing up every day to work
17 with young people.

18 Gaza has the highest rate of malnutrition
19 globally, not because there's actually a crisis, but
20 because it's a manmade crisis. Israel has murdered 885
21 health workers, more than 280 aid workers, and close to
22 230 United Nations workers. What other nation is
23 allowed to act so brazenly with our international
24 institutions? If this was Russia that had killed that
25 many UN workers, we would be already divested, which we

1 already have. So this board has done this before.

2 And then some financial numbers. So Moody's,
3 for a second time this year, downgraded Israel again by
4 two notches and stated, "There is no visibility on an
5 exit strategy from the military conflict that would
6 restore a level of certainty and security on which the
7 economy and business investment ultimately rely."

8 Delta, Virgin Atlantic, Ryanair have all
9 canceled flights to Tel Aviv. The US has finally warned
10 that they will limit aid to Israel in 30 days if they do
11 not ensure aid is being distributed. Chevron just
12 canceled a deal of almost \$50 million, Project
13 Leviathan, citing a worsening security situation.

14 As of the summer, 78 percent of tourism is
15 down. GDP strike 20.7 percent. By foregoing 1,600
16 thousand [sic] Palestinian workers, Israel faces a
17 hiring shortages, which Business Insider predicts will
18 shut around 600,000 businesses.

19 Based on your close monitoring, and these are
20 the questions that we've been asking, how has this
21 impacted our portfolio? Can you please provide us with
22 findings from the monitoring of this portfolio? We have
23 a list of questions again. We are going to continue to
24 show up, and we are waiting to see how our Israeli
25 securities are fairing.

1 We talked -- you know, we heard before that
2 there's a, you know -- you shared about the general
3 pensions, right, like throughout the country and how
4 they're doing. We want to know, right, what is going on
5 in our pensions. We have a right to know. This is our
6 money.

7 So again, please, we understand you can't make
8 comments in a public comment period, but we are asking
9 for some type of communication so we can have a
10 conversation. Thank you.

11 CHAIRMAN BROWN: Thank you. Thank you for
12 coming up and sharing. We appreciate your interest.
13 Under the board governance, we're not allowed to, or we
14 don't accept items for the agenda from the public.
15 Although this is the time that you can come and speak to
16 us. Certainly do.

17 MS. PLASSE: Is there a way to facilitate a
18 conversation with the Board outside of the board
19 meeting?

20 CHAIRMAN BROWN: Item -- items on the agenda
21 cannot be placed by the public.

22 MS. PLASSE: That's fine. Maybe we don't even
23 need to be on an agenda, but literally just a
24 conversation, so that we can understand. We're going
25 off of open data that's from the city. We don't even

1 know where our money is right now and how it's doing.
2 We don't -- we are using open data source to figure
3 out -- we think we have \$110 million in Israeli
4 securities, but we don't actually know what it is, up to
5 date. So we would -- if it's not in this setting,
6 that's fine. We just would love to have the
7 conversation.

8 And the comment was made in an email response
9 that the board doesn't choose portfolios, it's the
10 managers that do. And so one of our questions we have
11 is, who are those managers and can we speak to them?

12 And are those the same managers that then made
13 the decision to divest from Russia, from fossil fuels,
14 from gun manufacturers? Because if that's the case,
15 then we would love to have a conversation with the
16 managers. We just, we are looking for direction,
17 essentially. And if this is not the place, understood.

18 MS. ENNAB: If the public is not able to put
19 anything on the agenda, who do we speak to that belongs
20 to -- who put things on the agenda? Because this has
21 been going on for a year. It hasn't ended. It doesn't
22 look like there's an end in sight. So who do we talk
23 to, to get this somehow on the agenda?

24 CHAIRMAN BROWN: We'll still -- we'll still
25 review your requests at this board.

1 MS. PLASSE: Can you maybe give us a time of
2 when we would hear back?

3 CHAIRMAN BROWN: We'll review.

4 MS. PLASSE: Okay. We'll keep on coming.

5 CHAIRMAN BROWN: Thank you for coming. I
6 appreciate it.

7 MS. PLASSE: Thank you for having us.

8 CHAIRMAN BROWN: Thank you.

9 Patricia, anything else?

10 MS. REILLY: That's -- that's it for the
11 agenda.

12 CHAIRMAN BROWN: Okay. See nothing else on
13 the agenda, I think this is the time to accept a motion
14 to adjourn.

15 MR. DORSA: So moved.

16 CHAIRMAN BROWN: And is there a second?

17 MS. MCGRATH: Second.

18 CHAIRMAN BROWN: It's been seconded. All
19 those in favor of adjourning, please say aye.

20 (Ayes were heard.)

21 CHAIRMAN BROWN: Those opposed, say nay? Any
22 abstentions? Let the record reflect we are adjourned.

23 I forgot to thank Adrian and Will, so maybe
24 you can add that in. Thank you, appreciate it.

25 (The proceedings concluded at 3:55 p.m.)

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That the foregoing proceeding is accurately captured with annotations by me during the proceeding in the above-titled matter, all to the best of my skills and ability.

I further certify that I am not related to any of the parties to this action by blood or marriage and that I am in no way interested in the outcome of this matter.

IN WITNESS THEREOF, I have hereunto set my hand this 30th day of October 2024.

William Montague, Digital Reporter
Commission No.: 01MO0009174
Expiration Date: June 7, 2027

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That the foregoing is a complete and true transcription of the original digital audio recording of the testimony and proceedings captured in the above-entitled matter. As the transcriptionist, I have reviewed and transcribed the entirety of the original digital audio recording of the proceeding to ensure a verbatim record to the best of my ability.

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IN WITNESS THEREOF, I have hereunto set my hand this 30th day of October 2024.

Nancy Krakower, Transcriptionist

